

Do What With Me?

Defining the optimal service model for small businesses and their digital presence solutions

In Partnership with





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Part I: Introduction

Digital solutions providers have one phrase that describes their preferred relationship status with their small business customers. And it's definitely not "it's complicated." The right answer is, "trusted advisor".

Certainly, one key to achieving this coveted "trusted advisor" status is to provide the right product or mix of products for your customers.

Perhaps a bigger factor is combining the right products with the right level of service. And we would add, for the right customer. Another big part of achieving trusted advisor status is understanding which of your customers want your trusted advice. And, equally, which just want you to provide them with quality tools and then get out of their way.

We often talk about software as a service (SaaS) in terms of its power as a business model. But the last word in the acronym (service) doesn't get enough attention.

Many successful small business software companies in fact offer high-touch service as a differentiator. Mark MacLeod, former SaaS CFO, investor, and now an advisor to startup leaders, put it this way. "Many SaaS companies believe they can't afford to offer service. The truth is they can't afford not to."

MacLeod was once CFO of Freshbooks, the SaaS accounting solution for SMBs. Freshbooks famously differentiates on service. The company has no salespeople. And every new Freshbooks employee spends their first month working in customer service. Even MacLeod spent his first month as CFO answering customer questions.

Freshbooks Founder and CEO Mike McDerment has told multiple interviewers that he doesn't consider service a cost center. The reason? McDerment argues that a high touch service culture delivers so many organic opportunities to drive revenue.

Facebook's recent acquisition of Kustomer offers more evidence that the service component of SaaS is becoming an inherently more important part of finding the right model to engage as the "trusted advisor" for small businesses.

Kustomer, as its name implies, is a customer experience platform that enables customer interactions across multiple platforms. That Facebook would invest a billion dollars in this technology sends a clear message of the importance the social media giant is placing on service quality.

Finding the Right Model

OK, “service as a differentiator” sounds great. But what kind of services should you offer?

In October, we looked for answers via an online survey of small business operators probing into the level of service they want from software companies. And we asked about levels of service for specific digital marketing and back-office products. We also asked how they prefer to interact with their digital solutions providers.

We address these questions within the framework of three service models.

Do-it-Yourself (DIY)

While self-explanatory, for this report, DIY means the customer does everything themselves, from onboarding through ongoing operation of the solution, whether it’s a website or a SaaS accounting solution.

Do-it-With-Me (DIWM)

This is the next level up from DIY, where the customer gets their hands dirty with the solution, handling many or most of the tasks required to operate the solution themselves. However, there is a service channel at hand to assist with onboarding, handle more complex or time consuming tasks, provide guidance on how the digital solution can better address their needs, and step in to help with troubleshooting.

Do-it-For-Me (DIFM)

This is the white glove option. The Cadillac plan. It’s where the customer hands you the keys and says, “Why don’t you handle this for me, I’ve got a business to run.”

As a digital solutions provider, this report will serve as a roadmap to understanding what “as a service” really means to your small business customers. Even if your business isn’t built on a SaaS foundation, service can still be a major value driver for your company.

Some of the questions addressed in this report include:

- How do small businesses prefer to receive customer service?
- What constitutes table stakes in delivering a DIWM service?
- What are the reasons for preferring one service model over another?
- Which tools are customers more inclined to prefer to DIY vs DIWM vs DIFM?

Key Themes

Here are several themes that emerged from the survey results as well as conversations with digital solutions providers who grapple with the issue of how to deliver customer service. We will dig deeper into these themes in the report.

- Consumer behavior and preferences influence small-business behavior and preferences when it comes to how they want to receive service.
- As with so many other things, COVID has accelerated the need for service and support, and accelerated demand for different modes for accessing service.
- Business owners are hungry for more collaboration with their software providers -- to learn how to fully engage with- and get a greater ROI on the tools they've purchased.
- Personal service still matters. Many small businesses desire dedicated reps and frequent contact as part of a service offering.
- Yet, there may be a path to a more automated and scalable service model that delivers as much value as having a dedicated service rep for each customer.
- There are some meaningful gaps between the service modes solutions providers offer, and how customers actually want to be serviced.



Part II: About the Survey

To get answers to the important questions outlined in the introduction, we fielded an online survey in English during October (8th through the 23rd) of 309 full-time employees at U.S. small businesses (those fewer than 500 employees). We balanced the results regionally based on U.S. Census Bureau data.

The survey required respondents to operate in one of eight preferred vertical categories: retail, home services, personal services, automotive, professional services, health & medical, dining & entertainment, online-only/eCommerce.

Here is a quick rundown of some important facts about the survey respondents and their use of software to operate their businesses.

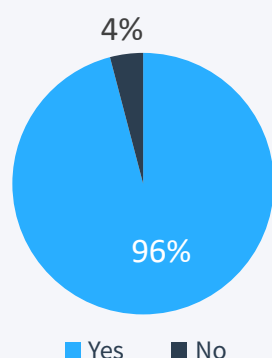
Digital Presence

Digital presence is well established among the survey sample. Only 4% of respondents lack any form of online presence. Otherwise, 83% have a website and 59% have a Facebook presence. Notably 41% have a Google My Business (GMB) profile, while only 26% have a LinkedIn page.

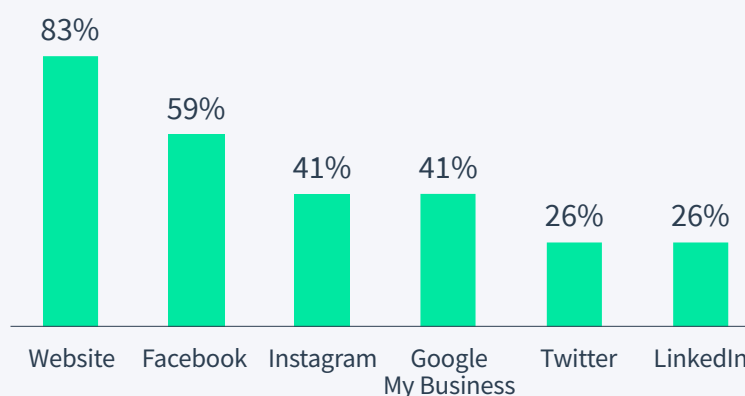
FIGURE 1: DIGITAL PRESENCE IS A GIVEN

Base: 309 businesses.

Does your business have an online presence?



Type of online presence



App Usage

The “there’s an app for that” mentality has sunk in among small businesses. A full 70% of the sample reports using apps to manage some aspect of their businesses.

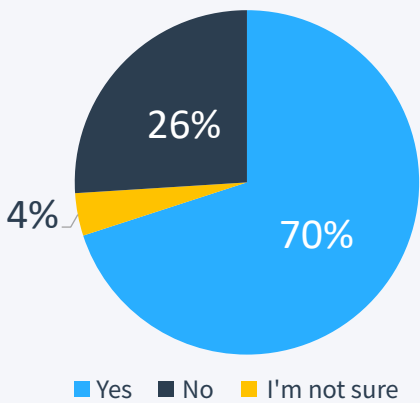
And 44% of buyers acquired these tools online, either directly from the company website or via an app store. So proactive Buy-It-Yourself (BIY) behavior is increasingly settling in as a normal habit among small businesses.

The remainder of app purchasers were either persuaded by inbound content (digital ads) or by a direct sales outreach.

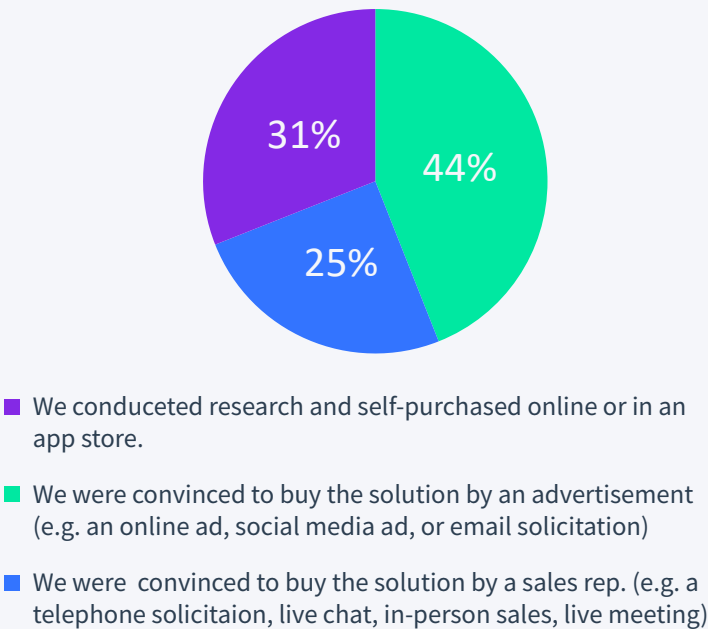
FIGURE 2: BIY IS THE NEW NORMAL

Base: 309 businesses.

Do you use any online solutions/apps to help run your business?



Where did you make your most recent purchase for the online solution/app?



Service Activity

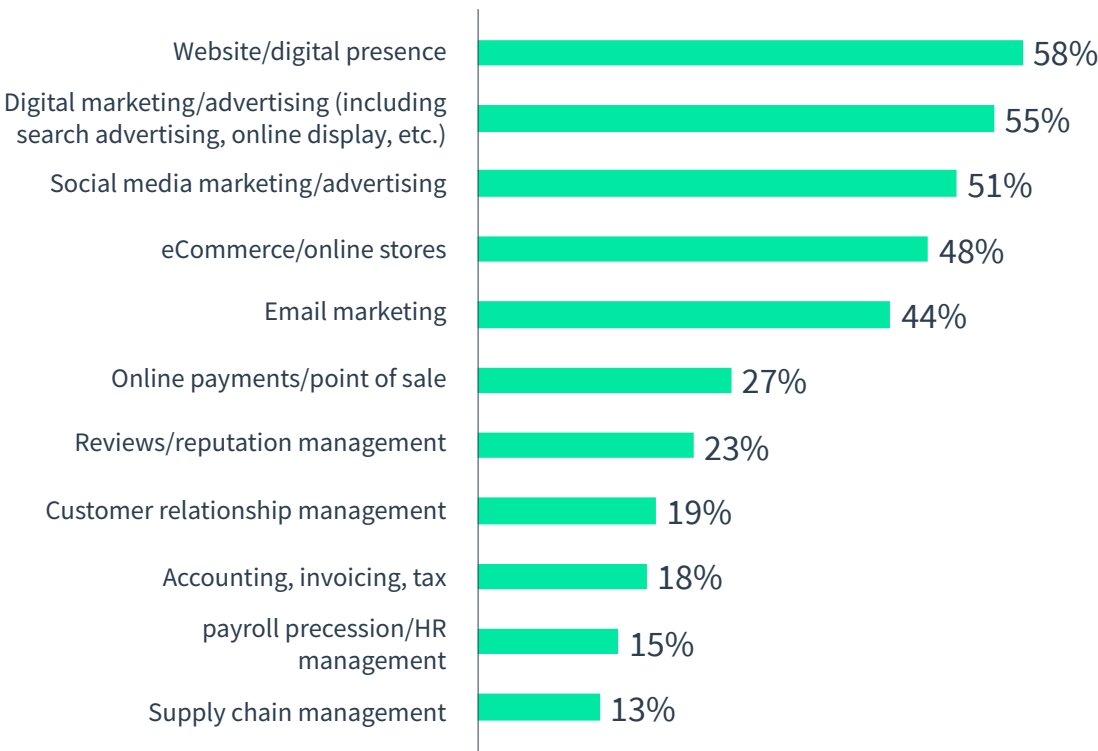
More than half of those surveyed have made service requests for software related to digital media, online presence or social media. Service requests were much more common in digital presence and marketing solutions than with back-office tools like payments, CRM, and supply chain.

There may be a few reasons for this gap. These could include the availability of service for a given solution, product complexity/ease of use, and the relative perceived importance one solution has to the business over another. The closer to revenue a solution is, the more attention it generally gets.

FIGURE 3: MORE REVENUE, MORE SERVICE

Base: 216 businesses.

**Have you ever made a service request for the software companies you use for any of the following business functions?
(Please select all that apply.)**



COVID Acceleration

Much has been written about how the COVID pandemic has accelerated trends across the consumer and business landscape. Our survey surfaced some new evidence of this phenomenon among small businesses.

We found that 70% of small businesses made a software purchase directly related to the COVID pandemic.

For example, 41% of small businesses acquired tools to manage employee productivity in a remote environment. Others acquired tools enabling new ways of interacting with customers, with 28% acquiring online payments software, 24% launching a website or some other form of digital presence. And 15% set up an eCommerce store, presumably the only way for many to trade during lockdowns.



Still others were motivated by the pandemic to automate the back-office, with 14% acquiring accounting software and 9% purchasing apps to handle payroll and other HR-related tasks. This could be related to business owners having more downtime for back-office tasks due to lockdowns.

Fewer than one-third (30%) of respondents said they made no technology acquisitions to adapt to the pandemic.

Some of these businesses may have been so distressed by a sudden reduction in trade that they couldn't afford the investments required to help them adapt. Others may have felt they already had in place the technologies they needed to pivot from offline to online, to contactless payments or whatever adaptations were required.

FIGURE 4: SaaS ACCELERATION

Base: 309 businesses.

Have you made any software purchases directly as a result of the COVID-19 pandemic? For example, to help you conduct business online or in a contactless manner, to facilitate remote work or any other purpose related to the pandemic?
(Please select all that apply.)



We also did some qualitative interviews with digital solutions providers that tell us the pandemic has created new pressures to offer service in a new and different way to small businesses.

Sherilyn King, SVP of sales, marketing and customer service at Yellow Pages Canada, said this has been especially so among SMBs who suddenly had to launch eCommerce stores in order to continue trading.

“What I'm seeing now is more of the SMB, who didn't know how to take their brick and mortar store and put it in an online storefront,” King said. “And they are saying, ‘How do I do this?’ And it's not easy. It's complicated.”

King said she has seen many SMBs initially set out to DIY these new tools, then quickly reconsidered and reached out for help.

“They think they'll do DIY. And then they realize, 'Wow, this is more complicated. So how about I just send over a CSV file? And you guys tell me what you upload it and figure it out?’” King said.

“We try to encourage the customer and say, ‘You know what, you're the expert in your business. The optometrist, the dentist, the plumber, the roofer. You need an expert to help you do this.’”

Part III: Making Service Better

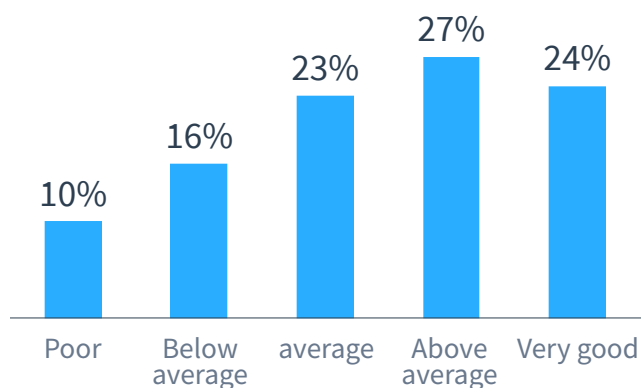
Much of the survey focused on how small businesses access service today. And exploring where the gaps exist between what they want and what they are getting.

First, the good news. Overall, small businesses are satisfied with the service quality and responsiveness they receive from solutions providers. About a quarter of SMBs were unhappy with the service they received.

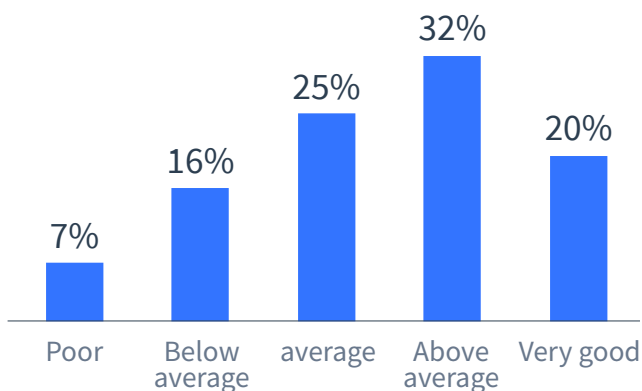
FIGURE 5: FROM AVERAGE TO GREAT

Base: 309 businesses.

How would you describe, on average, the responsiveness/accessibility of the service you receive from the software companies you work with?



How would you describe, on average, the quality of the service you receive from the software companies you work with?



Still the survey identifies a number of opportunities to improve the customer service experience.

Figure 6 below shows the communications channels small businesses prefer to use to engage with a service channel compared with those the service provider offers.

In a few cases there is close alignment. For example, email is widely offered and also widely preferred by SMBs.

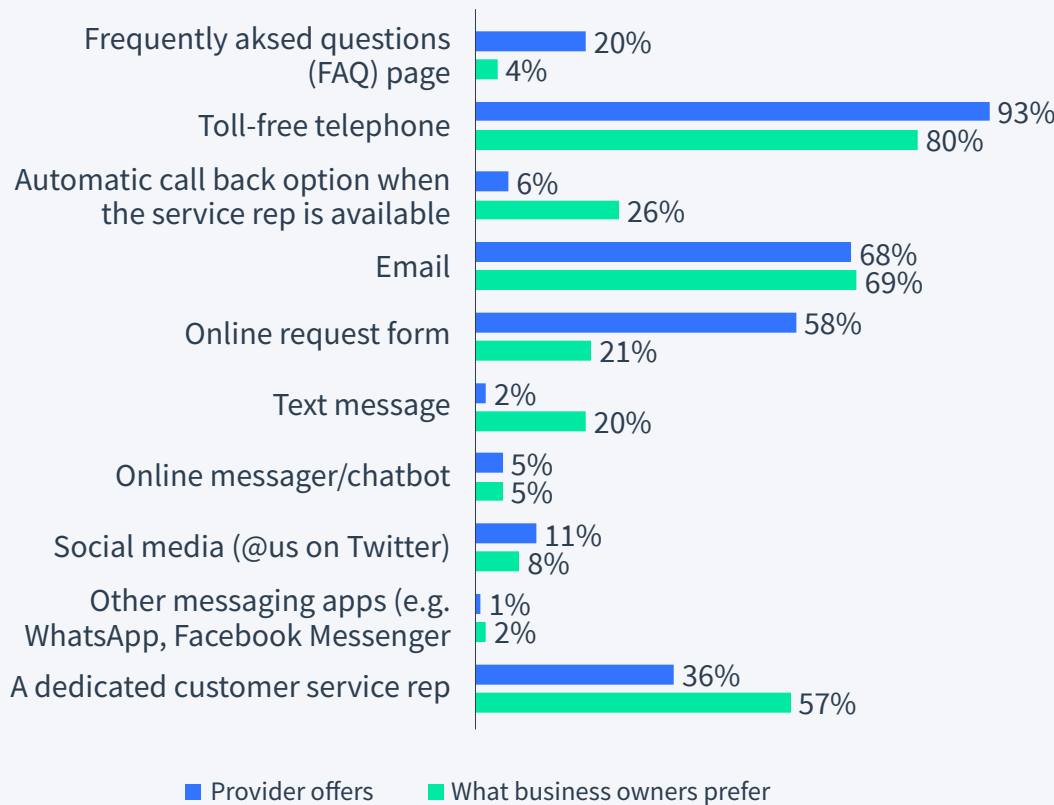
Yet there are also some clear gaps. For example, 20% of small businesses want to communicate via text messaging. Yet only 4% of respondents have access to this communications channel from the solutions providers they work with.

Similarly, 26% of SMBs want an automatic callback option, while only 6% of solutions providers offer this alternative to staying on indefinite hold.

FIGURE 6: TEXT ME, DON'T FAQ ME

Base: 309 businesses.

How software providers communicate with business owners and what ways business owners prefer to communicate



And finally, SMBs expressed a greater desire for a dedicated service rep than solutions providers appear willing to oblige.

And there seems to be a shared lack of enthusiasm (for now at least) for communication via chatbots, social media (e.g., @us on Twitter) channels or newer messaging platforms like WhatsApp.

Digging a little deeper into service preferences, we asked small businesses where they need the most help from solutions providers, and where the industry is falling short.

Our survey respondents report that solutions providers are doing a good job with basic service activities like assistance with onboarding or troubleshooting an apparent bug.

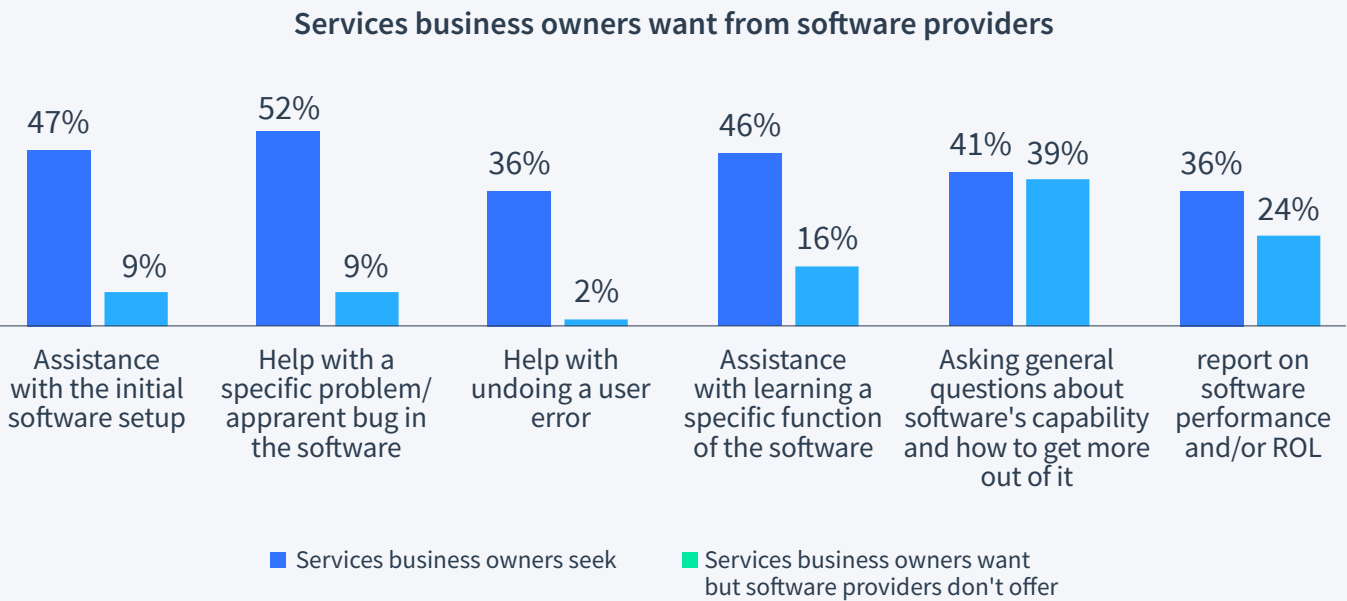
Where the disconnects begin to grow is when SMBs request help that goes beyond the transactional, e.g. getting set up or fixing a glitch.

For example, the gap begins to grow when customers ask for assistance with learning how to use new features. And it gets even bigger when SMBs want to have teaching sessions with the company to generally improve their skills and knowledge with a solution.

There is also a gap when it comes to performance metrics, with 36% of SMBs wanting “reports on software performance/ROI” yet only 24% reporting receiving this service from their solutions provider.

FIGURE 7: SMBS WANT HELP BEYOND EMERGENCIES

Base: 309 businesses.



WHITE PAPER

This strikes us as a missed opportunity. Retention depends in large part on small business customers understanding the value of a solution and believing in its performance. These are difficult to achieve without transparency on performance.

A qualitative interview with Matt Matergia, the General Manager, Americas and VP of Sales at Mono Solutions, shed light on just why a DIWM service model may help digital solutions providers take advantage of this opportunity.

“It’s important to emphasize that the definition of DIWM is not limited to servicing the customer,” Matergia said. “DIWM is also about ensuring collaborative service. This collaboration is what leads to a deeper understanding of a product’s value. This benefits the customer because they get more value out of the product. And it helps our partners [digital solutions providers] with higher retention and lifetime value.”

“The best way to achieve this understanding is to invest the time early in the relationship to help the customer develop their product knowledge,” Matt said.

The next section will address the potential for a scalable DIWM service model that serves the needs of small business at a range of service levels without being overly dependent on personalized service.



Part IV: The Optimal DIWM Service Model

One theme emerging thus far from the data is demand for personalized service. For example, 57% of business owners in Figure 6 indicated they wanted a live, dedicated rep to handle their account.

While personal service is important, at least for accounts willing to pay for a premium service offering, Figure 8 offers some clues to scaling a service model with content and automation.

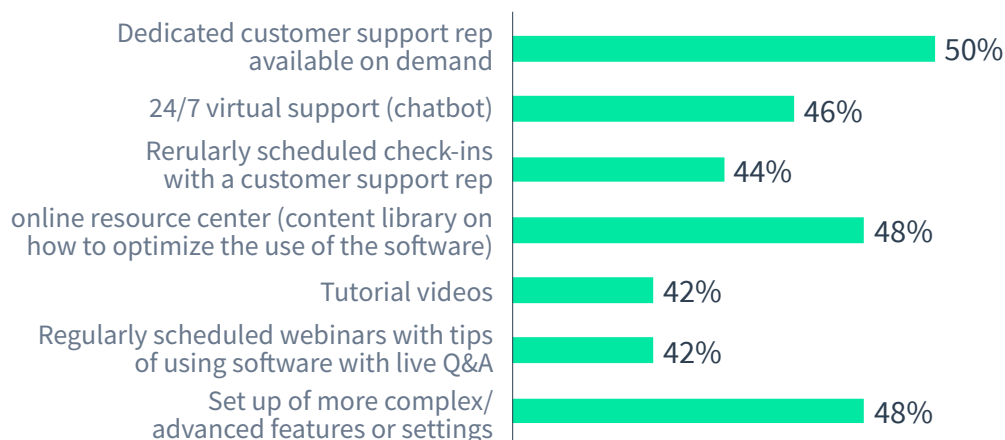
These seven attributes each garnered high favorability ratings from our respondents. What's notable is that all but two of these (personalized check-ins and on-demand services) are scalable.

Conceivably, a service provider could develop a complete “high-touch” service model that uses a chatbot (ideally powered by artificial intelligence), plus a well-curated, on-demand content library. This layer could supplement calls for personal service contacts to solve immediate problems or consult with agents on how to get more value out of a solution. And also reduce the necessity for many of these calls.

FIGURE 8: DIWM BUILDING BLOCKS

Base: 309 businesses.

If your online provider had do-it-with-me support, what things would be desirable?
(Desirable and very desirable ratings)



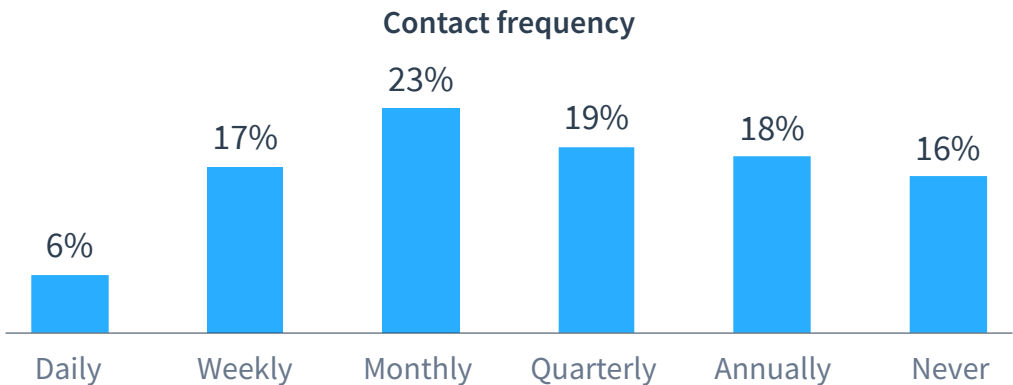
We took note that while FAQ pages were not very popular with small businesses (see Figure 6), other more dynamic content options were considered attractive as part of a service offering.

This all leads to a do-it-with-me service model that has the following elements:

- **Bespoke Service.** While not scalable per se, this must be offered at some level in order to deliver a true DIWM solution. Availability can be based on a specific need scenario (onboarding, troubleshooting) or pricing tiers. Being proactive with live service -- offering regular check-ins, etc. -- can reduce the amount of reactive service required.
- **Chatbots.** Having a chat bot that is not AI-driven may not be robust enough to deliver the quality customer experience required to reduce the need for personalized service. But even a relatively simple interface could be useful as a way to deliver 24/7 service at scale, or for triaging service inquiries before referring them to a live agent.
- **Content Libraries.** Having a Skillshare-like resource library where customers can watch instructional videos, access on-demand webinars, read how-to blog posts, helps to scale DIWM. The objective is to scale service by allowing customers to upgrade their skills on their own time without accessing a live agent. This isn't easy to do, however. The content must be excellent. The platform must be intuitive. And the content has to be frequently updated. Otherwise, frustrated customers will abandon the tutorials and look for a real person to talk to.

FIGURE 9: HOW OFTEN IS ENOUGH FOR SERVICE CONTACTS?

Base: 309 businesses.



“One of my takeaways from this data is that there is a path to a scalable service model,” said Matt Matergia, Mono Solutions’ GM Americas and VP of Sales.

“While many SMBs want to have a dedicated service rep, it’s interesting to us that others are just as interested, for example, in really helpful content that can guide them how to make better use of software.”

WHITE PAPER

Building a content library yourself would require a significant investment. However, there are alternatives.

For example, your solutions partners may have these resources to share with you on a white label basis. You could then customize the content for your customer base. You could also license an online training portal.

Companies offering variations on the DIWM model are finding ways to optimally balance the DIY and DIFM components of their service model. The objective is to reserve live contacts for higher value conversation that could drive retention and upsell rather than merely addressing a routine need. On the other hand, DIY can be used as a channel for scalable lead generation, helping to bring new customers in, but giving them the option of DIWM if they get stuck. Much like how Sherilyn King described Yellow Pages Canada's experience with customers looking to DIY eCommerce.

A DIWM channel that gets bogged down in handling simple, repeated tasks for SMEs will struggle. That is the definition of a DIFM (do-it-for-me) service, which is generally reserved for customers willing to pay for turnkey service.

As Figure 9 shows, for many solutions in the digital marketing stack, a key reason SMBs prefer DIWM is a desire for "advice and guidance" from the software provider rather than an unwillingness to DIY. For example, 82% of website/digital presence customers prefer DIWM for this reason. For digital marketing/advertising, the figure was 76%. And for CRM, the figure was 93%.

One guiding principle of DIWM is to gradually train customers to handle routine, simple tasks. This allows the solutions provider to focus personal interactions on conversations that deliver higher value to both sides. For instance, a greater ROI on the software investment for the customer. And a clearer path to retention and upsell for the solutions provider.

Here is a real world example.

Joachim Hefler is Managing Director of Advantago.de, a digital presence management agency based in Nuremberg, Germany. The company serves both small and mid-size local businesses, sold via both face to face and telesales.

His company offers a range of digital marketing solutions, including websites, reviews, listings management, as well as some engagement tools like appointment booking.

Advantago services its customers with a DIWM model. However, the company has created self-service tools for customers to handle many routine tasks, like updating hours of operation.

"It's an ongoing process," Hefler said. "But it's an objective of ours to bring them on with do-it-with-me or do-it-for-me, and transition them to do it yourself. Or at least to do certain things by themselves. Because then we can also provide them with additional tools and services that might help him do more, and of course, to upsell them from the entry level product."

FIGURE 10: WHY DIY, DIWM, DIFM?

Base: 309 businesses.

Reasons why business owners selected the type of service

	DIFM		DIWM		DIY	
	I lack the time necessary to do this myself.	I do not believe I have the skills required to do this myself.	I lack the time necessary to do this myself.	I want digital marketing advice or guidance from my software provider.	I believe I have the skills necessary to do this.	I prefer to do this myself to save on the cost associated with the other options.
Digital marketing/advertising (including search advertising, online display, etc.)	52%	48%	24%	76%	35%	65%
Email marketing	50%	50%	31%	69%	15%	85%
Website/digital presence	66%	34%	18%	82%	23%	77%
eCommerce/online stores	75%	25%	78%	22%	28%	72%
Social media marketing/advertising	37%	63%	61%	39%	56%	44%
Reviews/reputation management	83%	17%	86%	14%	90%	10%
Customer relationship management	16%	84%	7%	93%	70%	30%
payroll precession/HR management	90%	10%	77%	23%	72%	28%
Online payments/point of sale	46%	54%	66%	34%	64%	36%
Accounting, invoicing, tax	40%	60%	63%	37%	25%	75%
Supply chain management	30%	70%	42%	58%	54%	46%

Hefler cites updated hours of operation and other simple changes as good entry points for DIY.

‘We say, ‘Yeah, I’m happy to do this, but you can also do it yourself. For example, if you call outside of our service hours.’ So we try to support our customers. To do it for them, or to empower them to do it themselves.’

Hefler’s goal is ultimately to guide small business customers to feel educated and empowered to manage aspects of their digital presence themselves. Yet always remaining as the trusted advisor should small business clients need guidance and/or seek to add new products to their digital presence stack.

Part V: Key Takeaways



Here is a summary of the key lessons we arrive at in this report.

- COVID-19 has accelerated tech adoption. This has been so frequently noted that it's become a cliché. What is interesting is the way in which COVID acceleration has driven up the need for service to SMEs among digital solutions providers, at least in the short term. This is partly due to the adoption of complex and unfamiliar eCommerce tools among so many SMEs.
- There is a gap between how SMEs want to be communicated with and how solutions providers choose to engage with them. Closing these gaps, for example by offering a text-based communications option, can improve customer experience.
- Seeking scale though automation is an important goal. However, at some level, “service” will always involve an element of personal interaction.
- However, a true DIWM model focuses personal interactions on delivering higher value service. Encouraging customers to DIY routine listings updates, for example, creates time for opportunities to teach customers how to extract more value from the software. In turn, this drives retention and upsell.
- Content has tremendous potential for creating a DIWM model that is scalable, even with a personal service element. Having a robust content library with tutorial videos, blog posts, on-demand webinars can be a tremendous force multiplier for a service channel. However, the content has to be of first-rate quality and kept up to date.

About Mono Solutions

Mono Solutions, a part of the Bauer Media Group, delivers the ultimate white-label website builder and suite of digital products for small businesses across the digital landscape to drive their business online. As a SaaS-based solution, Mono empowers digital service providers with a true do-it-with-me (DIWM) approach to offer digital marketing solutions and deliver real value to their SMB clients. For more information, please visit monosolutions.com



About Localogy

Localogy, formerly the Local Search Association (LSA), is a not-for-profit trade association comprised of technology, marketing and media service providers and multi-location brands that enable the local marketplace to evolve and thrive. Ranging from Facebook, Microsoft and Google to Yext, Thryv and Yelp, Localogy's members represent today's top organizations serving businesses nationwide with a local presence. Localogy is dedicated to helping its members succeed through data and insights, education, events, consulting services and more. For more information or to become a member, please visit localogy.com